

SATELCOM (UK) LIMITED

Report and Financial Statements

31 March 2001



Deloitte & Touche
Columbia Centre
Market Street
Bracknell
Berkshire
RG12 1PA

REPORT AND FINANCIAL STATEMENTS 2001

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REPORT AND FINANCIAL STATEMENTS 2001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

B T Jacobs
I R L George
M A Rochester
J Montanana
J James

SECRETARY

R G Maingot

REGISTERED OFFICE

Satelcom House
Silwood Park
Buckhurst Road
Ascot
Berkshire
SL5 7PW

AUDITORS

Deloitte & Touche
Chartered Accountants
Columbia Centre
Market Street
Bracknell
Berkshire
RG12 1PA

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2001.

ACTIVITIES

The company's principal activities are the development, manufacture, sale and installation of computer communications equipment, the provision of consultancy services to the computer industry, the management and maintenance of computer installations and development of computer software.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors consider the profit achieved on ordinary activities before taxation of £4,798,035 (2000 - £3,680,194) and the state of affairs to be satisfactory and that adequate finance is available to take advantage of business opportunities. The Directors remain optimistic about the company's future prospects.

DIVIDENDS

The directors do not recommend payment of a dividend (2000: £nil).

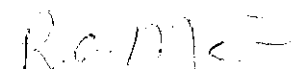
DIRECTORS AND THEIR INTERESTS

The Directors who served during the year are shown on page 1. No directors held any disclosable interest in either the company or in any other group company at any time during the year.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 26 April 2001
and signed on behalf of the Board



R G Maingot
Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF

SATELCOM (UK) LIMITED

We have audited the financial statements on pages 5 to 12 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

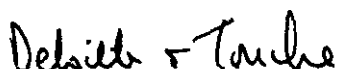
Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 2001 and of its profit of the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche

Chartered Accountants
and Registered Auditors

26 April 2001

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2001

	Note	2001 £	2000 £
TURNOVER	2	20,341,654	19,235,745
Cost of sales		(5,614,127)	(5,835,826)
Gross profit		14,727,527	13,399,919
Administrative expenses		(10,308,280)	(9,914,044)
OPERATING PROFIT	4	4,419,247	3,485,875
Interest receivable and similar income		378,788	194,319
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,798,035	3,680,194
Tax on profit on ordinary activities	5	(1,480,355)	(1,190,000)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION, TRANSFERRED TO RESERVES		3,317,680	2,490,194

There are no recognised gains or losses for the year other than as stated above, and accordingly no statement of total recognised gains and losses is presented.

All amounts derive from continuing operations.

BALANCE SHEET
31 March 2001

	Note	2001 £	2000 £
FIXED ASSETS			
Intangible assets	6	-	49,987
Tangible assets	7	870,945	220,726
		<u>870,945</u>	<u>270,713</u>
CURRENT ASSETS			
Stocks	8	1,051,124	661,707
Debtors	9	7,044,867	2,921,818
Cash at bank and in hand		5,422,333	5,280,814
		<u>13,518,324</u>	<u>8,864,339</u>
CREDITORS: amounts falling due within one year	10	<u>(5,367,678)</u>	<u>(3,431,141)</u>
NET CURRENT ASSETS		<u>8,150,646</u>	<u>5,433,198</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,021,591</u>	<u>5,703,911</u>
 CAPITAL AND RESERVES			
Called up share capital	11	11,876	11,876
Share premium account		433,884	433,884
Capital redemption reserve		10,200	10,200
Profit and loss account	12	8,565,631	5,247,951
EQUITY SHAREHOLDERS' FUNDS	13	<u>9,021,591</u>	<u>5,703,911</u>

These financial statements were approved by the Board of Directors on 26 April 2001.

Signed on behalf of the Board of Directors



M A Rochester

Director

NOTES TO THE ACCOUNTS
Year ended 31 March 2001**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Intangible fixed assets

Software and associated rights are depreciated in equal annual amounts over a period of three to ten years.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Equipment, fixtures and fittings	20% - 50% per annum
Computer equipment	16% - 50% per annum
Motor vehicles	25% - 50% per annum

Stocks

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Foreign exchange

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at operating profit.

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. All turnover is attributable to the company's principal activities.

The geographical distribution of turnover is as follows:

	2001 £	2000 £
United Kingdom	18,750,471	17,739,040
Eire	76,473	27,345
Other	1,514,710	1,469,360
	<u>20,341,654</u>	<u>19,235,745</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2001 £	2000 £
Directors' emoluments		
Remuneration	506,484	484,692
Remuneration of the highest paid director	<u>180,828</u>	<u>174,933</u>
	No.	No.
Average number of persons employed (including directors)		
Development and technical support	88	89
Sales	6	5
Administration and management	24	25
	<u>118</u>	<u>119</u>
Staff costs during the year (including directors)		£
Wages and salaries	5,646,251	5,472,788
Social security costs	693,674	649,031
	<u>6,339,925</u>	<u>6,121,819</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

4. OPERATING PROFIT

	2001 £	2000 £
Operating profit is after charging/(crediting):		
Depreciation and amortisation		
Owned tangible assets	368,235	210,883
Owned intangible assets	49,987	74,988
Profit on disposal of tangible fixed assets	(6,609)	(14,215)
Rentals under operating leases		
Hire of plant and machinery	564,516	645,060
Other operating leases	344,868	342,645
Auditors' remuneration		
- audit	17,500	10,000
- other services	2,000	2,000
	<u> </u>	<u> </u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
United Kingdom corporation tax at 30%	1,500,000	1,190,000
Adjustments to prior years' tax provisions		
Corporation tax	(19,645)	-
	<u>1,480,355</u>	<u>1,190,000</u>

There is no unprovided deferred taxation liability (2000: £nil).

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

6. INTANGIBLE FIXED ASSETS

	Computer software £
Cost	
At 1 April 2000 and 31 March 2001	749,908
Accumulated amortisation	
At 1 April 2000	699,921
Charge for the year	49,987
At 31 March 2001	749,908
Net book value	
At 31 March 2001	-
At 31 March 2000	49,987

7. TANGIBLE FIXED ASSETS

	Equipment, fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2000	253,450	570,023	67,887	891,360
Additions	7,320	1,015,290	-	1,022,610
Disposals	-	-	(37,838)	(37,838)
At 31 March 2001	260,770	1,585,313	30,049	1,876,132
Accumulated depreciation				
At 1 April 2000	151,218	468,829	50,587	670,634
Charge for the year	54,116	306,607	7,512	368,235
Disposals	-	-	(33,682)	(33,682)
At 31 March 2001	205,334	775,436	24,417	1,005,187
Net book value				
At 31 March 2001	55,436	809,877	5,632	870,945
At 31 March 2000	102,232	101,194	17,300	220,726

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

8. STOCKS

	2000 £	2001 £
Finished goods and goods for resale	1,051,124	661,707

9. DEBTORS

	2000 £	2001 £
Trade debtors	3,560,040	2,321,234
Amounts owed by group undertakings	3,016,626	10,095
Other debtors	9,593	20,460
Prepayments and accrued income	458,608	570,029
	<u>7,044,867</u>	<u>2,921,818</u>

All debtors fall due within one year.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Trade creditors	371,121	538,405
Amounts owed to group undertakings	1,550,594	310,497
Corporation tax	736,366	895,311
Other taxes and social security	853,697	560,776
Accruals and deferred income	1,855,900	1,126,152
	<u>5,367,678</u>	<u>3,431,141</u>

11. CALLED UP SHARE CAPITAL

	2001 £	2000 £
Authorised		
61,250 ordinary shares of 20p each	12,250	12,250
Called up, allotted and fully paid		
59,380 ordinary shares of 20p each	<u>11,876</u>	<u>11,876</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

12. MOVEMENTS ON PROFIT AND LOSS RESERVE

	£
Opening profit and loss reserve at 1 April 2000	5,247,951
Profit for the year	3,317,680
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Closing profit and loss reserve at 31 March 2001	8,565,631
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13. MOVEMENT ON SHAREHOLDERS' FUNDS

	£
Opening shareholders' funds at 1 April 2000	5,703,911
Retained profit	3,317,680
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Closing shareholders' funds at 31 March 2001	9,021,591
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14. FINANCIAL COMMITMENTS

At 31 March 2001 the company had the following annual operating lease commitments:

	Land and buildings		Other	
	31 March 2001	31 March 2000	31 March 2001	31 March 2000
	£	£	£	£
Leases which expire:				
Within one year	22,818	13,685	392,526	468,205
Between 2 and 5 years	23,550	14,850	136,079	151,609
After 5 years	298,500	312,400	-	-
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	344,868	340,935	528,605	619,814
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15. ULTIMATE CONTROLLING PARTY

Logical (UK) Limited is the company's immediate parent and controlling party. The directors consider Datatec Limited, incorporated in South Africa, to be the ultimate parent company and controlling party. Copies of the ultimate parent company's accounts can be obtained from Datatec Limited, P. O. Box 76226, Wendywood 2144, South Africa.

16. RELATED PARTY TRANSACTIONS

In accordance with Financial Reporting Standard No. 8 "Related Party Disclosures", transactions with other group undertakings within, and investee related parties of, the Datatec Limited group have not been disclosed in these financial statements.